

**MINUTES
of the
THIRD MEETING
of the
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**August 22-23, 2011
Ralph Edwards Auditorium, Truth or Consequences Civic Center
400 West Fourth Street
Truth or Consequences, New Mexico**

The third meeting of the New Mexico Finance Authority (NMFA) Oversight Committee was called to order by Senator Mary Kay Papen, vice chair, on August 22, 2011 at 9:38 a.m. in the Ralph Edwards Auditorium at the Truth or Consequences Civic Center in Truth or Consequences, New Mexico.

Present

Rep. Patricia A. Lundstrom, Chair (Aug. 23)
Sen. Mary Kay Papen, Vice Chair
Rep. Alonzo Baldonado
Rep. Candy Spence Ezzell
Sen. Stephen H. Fischmann
Rep. Yvette Herrell
Rep. Dona G. Irwin
Rep. Jane E. Powdrell-Culbert
Rep. Debbie A. Rodella
Sen. Nancy Rodriguez
Rep. Henry Kiki Saavedra
Rep. Richard D. Vigil (Aug. 22)
Rep. James P. White

Advisory Members

Sen. William F. Burt
Rep. Ernest H. Chavez
Rep. Mary Helen Garcia
Rep. Rick Little
Sen. Lynda M. Lovejoy
Rep. Andy Nuñez
Rep. Edward C. Sandoval (Aug. 23)
Rep. Sheryl Williams Stapleton

Absent

Sen. Sue Wilson Beffort
Sen. Kent L. Cravens
Sen. Tim Eichenberg
Rep. Roberto "Bobby" J. Gonzales
Sen. Clinton D. Harden, Jr.
Sen. Howie C. Morales
Rep. James R.J. Strickler
Sen. David Ulibarri

Rep. Anna M. Crook
Rep. David L. Doyle
Sen. Mary Jane M. Garcia
Rep. Thomas A. Garcia
Sen. Eric G. Griego
Rep. Ben Lujan
Sen. Richard C. Martinez
Rep. W. Ken Martinez
Sen. George K. Munoz
Sen. Steven P. Neville
Sen. William H. Payne
Rep. Thomas C. Taylor

(Attendance dates are noted for those members not present for the entire meeting.)

Staff

Doris Faust, Legislative Council Service (LCS)

Lisa Sullivan, LCS

Claudia Armijo, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file and posted on the New Mexico Legislature web site.

Monday, August 22

Senator Papen welcomed the members and guests. She asked committee members to introduce themselves, which they did. She then asked the panel of guest speakers to introduce themselves and begin their presentations.

Overview of Local Capital Projects and Capital Needs

Janet Porter Carrejo, Sierra County manager, reported that the Sierra County administrative offices are housed in two different buildings approximately one mile apart. The county commission chambers and the administration offices are housed in a metal building, refurbished in 2009, and the county clerk, treasurer, assessor and probate judge are housed in an old schoolhouse constructed in the early 1930s. The old schoolhouse offices are in serious need of replacement. The schoolhouse has inadequate wiring and an outdated heating and cooling system. Ms. Porter Carrejo said that to remedy this situation, the county has purchased a piece of property in hopes of constructing a multistory building to house all county departments under one roof. She estimated the square footage of the proposed building to be between 9,000 and 10,000 square feet. She noted that the new building would better serve the constituents of Sierra County by locating all of the administrative offices in one location. She added that the new building would also increase the visibility of Sierra County and its tourism-focused services for visitors. She also anticipates improved employee morale if the departments are located in one newly constructed building.

Ms. Porter Carrejo told members that another huge challenge faced by Sierra County is the need for a transfer station to transport waste to Las Cruces in Dona Ana County or to some other place in Sierra County. She explained that, pursuant to Department of Environment (NMED) rules, the Sierra County landfill was closed on January 1, 2011. Since that time, Sierra County has been working with the City of Truth or Consequences, the Village of Williamsburg, the City of Elephant Butte and the NMED to plan and construct a transfer station that will handle all of Sierra County's solid waste. Once the transfer station is constructed, the county will begin

transporting solid waste to Las Cruces or Socorro for final disposal. Sierra County needs to find an appropriate site for a transfer facility and needs to construct a modern, energy-efficient transfer station with the capacity to handle all current waste as well as future waste. The construction of a transfer facility will benefit the residents of Sierra County and eliminate potential illegal dumping of waste in Sierra County's arroyos. It will also provide Sierra County with an opportunity to collaborate with all entities located within its boundaries, as well as to build upon its established working relationship with the NMED.

Walter Armijo, chair, Sierra County Commission, also spoke to the members regarding issues of concern for the county. He stressed that the old schoolhouse was built in 1932 and is in serious need of renovation. He noted that the county has put a lot of money in the schoolhouse project already and needs financial assistance for further renovations.

Juan Fuentes, director of projects and acquisitions for the City of Truth or Consequences, told members that the city applied for and received a loan from the Water Trust Fund at 0% interest, with 20% funded by the NMFA. He said that the landfill project is among the top five needs for the county, adding that the county's wastewater systems also need improvement.

Committee members inquired as to why the NMED closed the Sierra County landfill. Ms. Porter Carrejo said that about 15 years ago, the NMED decided to have regional landfills in New Mexico, thus eliminating local landfills. The decision was implemented through rule. Members asked how far apart geographically the NMED regulations require landfills to be located. Ms. Porter Carrejo was not certain regarding the distance required between landfills in the state. She noted that high costs are associated with transferring waste out of the county to regional landfills. When members asked if the Sierra County landfill had been cited for environmental violations prior to its closing, Ms. Porter Carrejo said no. In fact, she said, the Sierra County landfill had at one time received an excellent rating. However, she noted that possible problems could have arisen if the landfill remained open because it was located close to the airport. This was seen as a potential issue if the airport needs to expand. Lastly, some members asked if the county had sought a waiver to keep the landfill open. Ms. Porter Carrejo noted that the county had discussed seeking a waiver but decided against it, and a permit to move the landfill could take up to five years at a cost of up to \$1.5 million. Mr. Armijo noted that one of the reasons the landfill was closed is that it had only 20 acres of land. According to Mr. Fuentes, the ideal solution for the county is the construction of a transfer station.

Committee members discussed the possible need to look into the regulations regarding landfills within the state. Additionally, members noted that there may be ways to expedite requests for landfill permits.

Members inquired as to whether the old schoolhouse has a historic designation. Ms. Porter Carrejo said that it does not. When asked if the county will pursue financing through the NMFA, Ms. Porter Carrejo said that because Sierra County does not have the ability to repay a loan, there are no plans to apply for financing through the NMFA.

Spaceport Authority Update

Christine Anderson, executive director for the Spaceport Authority, began her presentation by reminding members that Spaceport America's vision is to become the world's premier commercial launch facility, providing first-class service to customers and delighting and inspiring visitors. The mission is to provide safe, efficient and effective service for commercial space launch customers, she said. Additionally, the spaceport seeks to provide safe, efficient and effective service for aerospace research and development customers. Lastly, its mission is to provide an educational, inspirational and fun experience for all visitors.

Referring to a handout dated August 22, 2011, Ms. Anderson advised committee members that the United States is committed to encouraging and facilitating the growth of a U.S. commercial space sector that supports the needs of the U.S., is globally competitive and advances U.S. leadership in the generation of new markets and innovation-driven entrepreneurship. She said that market demand in the commercial space sector is strong and growing. Spaceport America's location is ideal due to its close proximity to the White Sands Missile Range, as well as its easy access from Interstate 25. It is located on approximately 18,000 acres, is in a sparsely populated area and is 4,600 feet above sea level, making it the ideal setting for using less fuel with higher payloads. The area experiences excellent year-round weather with no threat from earthquakes and tornadoes.

Ms. Anderson told committee members that typical Spaceport America customers include horizontal-launch customers, vertical-launch customers, students and tourists.

Ms. Anderson noted that Armadillo Aerospace conducted its first launch on May 14 and its second on June 11. The Boeing Corporation has been conducting flight testing of a helicopter avionics system since May 2011, and on May 20, 2011, 800 students were involved in the student launch. There have been 12 vertical launches to date, and the spaceport has hosted more than 600 tourists.

Future plans for Spaceport America include two welcome centers located off of Interstate 25 near Truth or Consequences and Hatch. Additional plans include an on-site visitor center, a guard station at the entrance and a 4,000-square-foot Virgin Galactic (VG) building. A typical visitor day at Spaceport America will include interactive and immersive exhibits, educational activities, launch viewing, shopping and dining.

Ms. Anderson said Spaceport America has hired "IDEAS — The Innovation Studio", a company founded in 2001. The company has worked on every major theme park and on attractions for the Walt Disney Company and Universal Studios, providing a special focus on storytelling learning systems. The company offers in-house marketing, branding and technology development, as well as market-based decision-making.

Ms. Anderson presented a video, created by IDEAS — The Innovation Studio, depicting a young girl talking about her family's trip to the spaceport and illustrating the process involved in visiting Spaceport America and the interactive features available during a visit.

Ms. Anderson provided an update on Spaceport America's transition from a state-funded agency to a self-sustaining enterprise, telling committee members that the spaceport's phase 1 construction is 90% complete. Phase 2 construction and pre-operations start-up is 18% complete. The bonds for these expire in June 2012 and December 2013. Ms. Anderson noted that the spaceport continues to seek additional launch customers, private investors and partnerships.

Ms. Anderson told members that the Bureau of Land Management and the State Land Office are providing permits and rights of way for the construction of the Southern Spaceport Road access. The road will use existing Sierra County and Dona Ana County road alignments, with minor adjustments for safety. The current bladed dirt road will be replaced by a continuous asphalt road with two 12-foot lanes and eight-foot shoulders. The new road will provide improved erosion control and low-water drainage crossings.

The hangar at Spaceport America, formerly called the "Terminal Hanger Facility", has been renamed "Virgin Galactic Gateway to Space". Ms. Anderson pointed out several photos of the hangar in the handout.

Ms. Anderson said that Spaceport America's construction respects the local environment. The plan is for the spaceport to co-exist with the surrounding working ranches, not to disturb the year-round wildlife's water supply and to continue cultural and archaeological mitigation efforts.

Ms. Anderson spoke to members about the spaceport's budget, describing plans to move from revenues generated through gross receipts tax bonds and severance tax bonds to operations funded by spaceport revenues.

Ms. Anderson told the committee that the spaceport hopes to create 564 jobs between 2013 and 2014. She provided a list of New Mexico companies benefiting from work at the spaceport.

Ms. Anderson closed her presentation by explaining the strategic goals for Spaceport America, which include reaching a self-sustaining and profitable status, as well as becoming a robust economic engine for the local area and the State of New Mexico.

George Whitesides, chief executive officer, VG, echoed Ms. Anderson's comments, saying that VG is committed to the success of Spaceport America and to the State of New Mexico. He stressed that New Mexico's informed consent laws need to be expanded in order for the spaceport to remain competitive with other spaceport entities operating in other states. He

also noted that infrastructure projects need to be completed, as they are key to VG ramping up its operations for the start of commercial services.

Providing background about VG, Mr. Whitesides noted that VG operates two companies: the VG Operating Company, which handles the base operations at Spaceport America, and The Spaceship Company, a joint venture between VG and Scaled Composites, which manufactures the space vehicles comprising VG's fleet.

Mr. Whitesides said that VG has taken more than 450 reservations for space flights and has received more than \$60 million in deposits for those flights.

Mr. Whitesides apprised members that four states, including New Mexico, have passed limited liability legislation. The other states are Texas, Virginia and Florida. Texas and Virginia initially passed laws that protect both spaceport operators and manufacturers, and since it originally passed legislation, Florida has amended its law so that it protects manufacturers. According to Mr. Whitesides, in order to remain competitive, New Mexico needs to amend its law to extend limited liability to manufacturers. He opined that amending the law would help generate manufacturing jobs in New Mexico. He said that Texas has already experienced the creation of manufacturing jobs. Stressing the need to reform the legislation, Mr. Whitesides said that New Mexico needs to remove legal barriers in order for Spaceport America to compete with the spaceports in Texas, Virginia and Florida.

A discussion regarding the potential for job creation ensued with members voicing concerns regarding the types of jobs that might be created, which will likely not be high-paying jobs. Some members relayed a desire for spaceships to be manufactured in New Mexico, particularly since the state invested so heavily in the building of the spaceport. Mr. Whitesides noted that those manufacturing companies would be more likely to locate in New Mexico if the tort liability bill were amended. The discussion continued with members expressing a need for the state to experience economic development benefits from the spaceport's operations.

There was a brief discussion about the Federal Aviation Administration (FAA) and its involvement with flights in and out of Spaceport America. It was noted that the FAA's main focus is on general aviation aircraft, which are not slated to operate at the spaceport. According to Mr. Whitesides, Spaceport America intends to operate as a "prior permission required" airport, meaning prior permission to land or take off is required for aircraft to operate at the spaceport.

The discussion closed with members requesting a detailed list, including the dollar amounts involved, of all contractors located in Sierra County or Dona Ana County that are working with Spaceport America.

A motion was made and seconded to approve the minutes from the July 2011 committee meeting held in Gallup, New Mexico. The motion passed without objection.

Spaceport America Tour

The committee members and staff toured the facilities at Spaceport America. Aaron Prescott, Spaceport Authority business operations manager, provided interesting facts about the facility during the tour. Members were driven onto the nearly two-mile-long and 42-inch-thick runway, providing them with a nearby view of the massive VG Gateway to Space hangar. Members donned hard hats as they entered the area surrounding the hangar. The interior construction progress of the hangar was visible as workers on forklifts were modifying the structure during the tour. Members were advised that the hangar could hold up to four spaceships. Members were photographed standing outside the hangar prior to returning to the bus at the close of the tour.

Upon return from the spaceport tour, and with no further business for the day, the meeting recessed at 4:00 p.m.

Tuesday, August 23

Senator Papen welcomed committee members and guests back for the second meeting day.

Border Authority Update

Jim Creek, executive director for the Border Authority, and Mario Herrera, logistics manager for the Border Authority, addressed the committee.

Mr. Creek provided an update regarding New Mexico's ports of entry, saying that most of them have avoided experiencing a downturn in crossings. He added that New Mexico's border economy is moving toward its potential.

New Mexico's ports of entry are located at Antelope Wells in Hidalgo County, Columbus in Luna County and Santa Teresa in Dona Ana County. Antelope Wells is the smallest of the ports, providing sub-commercial border crossing for 11,000 vehicles in 2010. The port building was replaced using federal stimulus funds.

The Columbus port of entry is used for the majority of imports of Mexican-grown chile into New Mexico, as well as imported cattle. The area has experienced severe flooding problems in the past, and flooding continues to be problematic at the port and in the surrounding area. A new three-and-one-half-mile commercial bypass project is underway at the port. Mr. Creek said that the Border Authority is hoping to get federal dollars from the FY 2012 budget to rebuild the port building at Columbus.

The Santa Teresa port of entry is no longer considered a small port, as it has become the seventh-largest port on the Mexico/U.S. border. Larger ports located outside of New Mexico include Brownsville, Laredo and El Paso in Texas; Nogales in Arizona; and San Diego in California. Santa Teresa crossings yield a variety of imports and exports with a total combined

value in 2006 of \$1.2 billion. In June 2011, the amount was in excess of \$1.7 billion. Among items passing through the port in high volume are Dell computers, with more than 40,000 passing through the port on a daily basis. The value of all exports through the Santa Teresa port of entry in 2010 was \$4.6 billion. Among the items exported were consumer electronics, computer components, used vehicles, motorized equipment, vehicle fuel system components, wiring and lighting devices and components, pinto beans, black beans and corn syrup.

The port has seen a dramatic increase in all types of traffic. Last year, the port occasionally experienced wait times of up to four hours. As a consequence, the Border Authority put together a team of people to look into ways to come up with about \$11 million in federal dollars for port expansion projects.

There was a brief discussion about the need for federal dollars to improve the ports of entry. Members also talked about items like computer parts, which are exported into Mexico for assembly, as well as items like chile, consumer electronics, wind turbine blades, cement and related products and wiring and lighting devices. Members also inquired as to the procedures for livestock inspection. Livestock are inspected by the United States Department of Agriculture immediately upon entering the U.S.

After a discussion in which committee members determined that the governor likely has the authority to resolve water issues related to Sunland Park, a motion was made to send Governor Martinez a letter asking her to take action to resolve water issues in the Sunland Park area. The motion was seconded and passed without objection.

Union Pacific Railroad Project at Santa Teresa and Its Binational Impact

Zoe Richmond, representing Union Pacific Railroad, said that Union Pacific is working with Governor Martinez and the legislature to construct a state-of-the-art rail facility in the southern part of the state. Union Pacific's investment in the project totals more than \$400 million.

Ms. Richmond estimates that the facility will create 3,000 jobs during the construction phase from 2011 to 2015 and will eventually be the headquarters for more than 600 permanent jobs. For the first time ever, southern New Mexico will have a key inland port, positioning the Santa Teresa area as a strategic focal point for the movement of goods in the southwestern United States.

First proposed and supported by the New Mexico governor and state legislature in 2006 with a locomotive fuel tax exemption, the site for the proposed facility is located just west of the Santa Teresa Airport and will incorporate:

- fueling facilities located along the busy "Sunset Route" between El Paso and Los Angeles. The fueling facility will enhance commerce and goods movement in New Mexico;

- crew change buildings similar to those in the airline industry. This facility will eventually serve as home base for Union Pacific employees operating long-haul trains out of the area;
- an intermodal block swap switching yard to enhance capacity and efficiency. The new switching yard will incorporate the latest engineering techniques for improved efficiency; and
- an intermodal ramp, which will permit both local and regional businesses more immediate access to the efficiencies of freight trains.

Ms. Richmond opined that upon completion, the project will have generated \$500 million in economic impact in New Mexico, creating thousands of jobs and fostering a new economic base for the southern region of the state. With construction anticipated to begin in the fourth quarter of 2011 and continue through 2014, the region will see an impact as soon as this year and will benefit for many years to come.

The construction of the Santa Teresa facility will permanently position southern New Mexico as a crucial component of the historic "Sunset Route", one of the oldest and most critical rail corridors in American history, securing New Mexico's future as a leader in the goods-movement industry. Union Pacific's initial plan for capital spending in 2011 totals \$3.2 billion in support of America's freight transportation needs, and the company will continue enhancing the safety and efficiency of its 32,000-mile network. The resulting improved rail capacity benefits everyone. It allows freight rail service to grow while helping to build a cleaner environment. According to the U.S. Environmental Protection Agency, freight trains are nearly four times more fuel efficient than trucks. Ms. Richmond noted that the legislature needs to pass legislation providing for a locomotive fuel tax exemption, which will help make the project a reality.

Transportation Bond Update

John Duff, chief executive officer for the NMFA, spoke to the members regarding Governor Richardson's Investment Partnership (GRIP) bond program. He was joined by Alvin C. Dominguez, secretary of transportation, and Tom Church, deputy secretary for business support, Department of Transportation (DOT), as well as Marcos Trujillo, bond and debt service manager of the Financial Control Bureau, DOT.

Mr. Duff reminded members that the NMFA was created by the legislature in 1978. The NMFA has its own governing board and assists qualified governmental entities to gain affordable financing for capital equipment and infrastructure projects. The Public Project Revolving Fund (PPRF) remains the NMFA's flagship program. The NMFA was directed by the governor in 2004 to issue and manage the GRIP program debt as the DOT's agent.

When asked about efforts to refinance the debt, Mr. Duff referred to page 28 of the handout, which outlines the risks associated with the current and proposed debt structure for the GRIP bonds. According to Mr. Duff, the current status of the program is "reasonably stable", and it conforms to the standards initially set by the legislature in 2003. However, he cautioned,

another major market meltdown could make the program problematic because of the variable rate associated with the GRIP bonds.

Mr. Duff reminded members that about a year ago, the NMFA had a brief window of opportunity to replace the fixed rate bonds reducing the total debt service amount. The market opportunity requires low tax rates along with high treasury rates. Unfortunately, the window of opportunity did not last long enough to allow the NMFA to complete the swap. Mr. Duff added that the cost to exit the variable rate debt has three elements:

- 1) writing a check to the swap counterparties for \$115 million;
- 2) saving money by issuing fixed-rate debt at lower than 5%, which is what is currently being paid; and
- 3) paying underwriting and legal fees that could amount to \$2 million.

Members discussed the steps leading to the GRIP bond deals in 2003 and 2004. Mr. Duff said that the GRIP deals were not unlike similar funding deals at the time, but the NMFA has a much more conservative view now. Members voiced concern regarding how the deals were made and which individuals played a role in the decisions at the time.

Mr. Church said that it was the DOT staff that recommended fixed rates. The decision to go with the variable rate bonds was made at a higher level. Consequently, the DOT is maxed out on its debt, and its ability to repay the debt is compromised.

Members discussed what resources the NMFA might have to deal with these types of economic issues. Mr. Duff said that the NMFA is looking at its operation in terms of job creation, noting that for every million dollars in infrastructure funded by the NMFA, six and one-half permanent jobs are generated. Members asked that the discussion be continued as an agenda item at a future NMFA Oversight Committee meeting.

Committee members inquired about projected new road projects for the next few years and expressed serious concerns regarding the state's ability to repay debt financing for new roads while funding road rehabilitation and repaying existing debt obligations. Committee members asserted that politics should be removed from highway projects, and the State Transportation Commission should not constantly be changing. Secretary Dominguez responded that in the past, some road projects were politically motivated and not based on the best interests of the state, but now the DOT, rather than the commission, approves road projects. Approval is based on priority and absolute need.

Federal Transportation Funding Update

Secretary Dominguez stated that current federal funding for the DOT is approximately \$400 million. There are currently several federal House of Representatives bills proposing varying amounts in cuts to the federal budget that would result in reduced revenue for state transportation budgets, the most popular of which would reduce the DOT's funding to

approximately \$250 million. Secretary Dominguez stated that federal funding cuts would force the DOT to go into a strict preservation mode — major reconstruction could not happen. Despite the federal funding cuts, the DOT remains obligated to continue to pay off the GRIP bonds.

State Transportation Issues

Mr. Church discussed the tables of data in the "July 2011 Road Fund Outlook" handout he distributed for the committee members' review, directing committee members' attention to the federal and state debt service amounts.

Mr. Church said that the State Road Fund has experienced some growth and that by 2014, the DOT will get back to the 2007 level in the fund. New Mexico's primary source of revenue for the fund is from the gasoline tax, which is set at \$.17 per gallon, of which \$.13 per gallon goes to the DOT. There has been a \$3 million decline due to people driving less. However, special fuel tax and weight distance tax revenues have increased, which indicates that the economy may be improving and that there are more carrier trucks on the road. Vehicle registration tax has increased slightly (about 3%). There has been a \$17.5 million, or 4.7%, growth in ordinary income. Extraordinary income has increased by \$18.08 million.

The DOT receives about \$2.5 million per year in revenue from Burlington Northern Santa Fe (BNSF) and Amtrak agreements, which also require that the revenue be used to maintain railroad tracks in New Mexico. This revenue is about half of what it was in FY 2010. Committee members asked why the revenues were down and were informed that Amtrak pays for usage by the mile and BNSF pays for usage by weight. The numbers suggest that the trucking industry did less shipping in FY 2010 (based on reduced special use tax that year), whereas FY 2010 shipping by rail increased.

Committee members asked about commercial trucking overweight vehicle permits and why it takes so long to get a permit. Secretary Dominguez said that the Motor Transportation Division of the Department of Public Safety deals with approval of oversize permits and he does not know why it takes three months to get an oversize permit. Members talked about whether there should be a commercial driver's license required for farmers to get their crops from the fields to a central office. Mr. Church said he would defer to the Taxation and Revenue Department on that question. Committee members said that it would likely be a major point of contention, noting it would be one more hurdle for farmers and ranchers to get crops to their destinations. Secretary Dominguez reminded members that the Motor Transportation Division, not the DOT, enforces licensing requirements on the roads.

Secretary Dominguez said that New Mexico must maintain expansion projects already started in the last few years. Committee members noted that the State Transportation Commission is the policymaking body for transportation issues and asked that representatives from the commission be present for the October meeting. They noted that any legislation coming from the commission would need to be reviewed by the committee before the 2012 legislative

session. Members stressed their disappointment that the six commission members did not show up to the current NMFA Oversight Committee meeting.

Committee members discussed bringing the motor vehicle excise fee revenue back to the DOT, noting that the state's infrastructure is critically important to improved economic development in the state. Secretary Dominguez told the committee that any capital outlay dollars would be welcomed, but that it would be a one-time fix, not a revenue stream. Committee members said capital outlay could be applied to highway projects but that it would also be a good idea to get permanent and increased revenue stream for highway projects.

With no further business, the meeting was adjourned at 11:30 a.m.